
HOUSE BILL No. 1028

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5; IC 8-22-3.5-10; IC 12-13-8; IC 12-16-14; IC 12-19; IC 16-35-3; IC 36-7.

Synopsis: Phase out of property taxes for welfare expenses. Phases out over four years county property tax levies for various welfare purposes, and substitutes state contributions for those purposes through increased property tax replacement credits and other state funding. Eliminates a county's authority to borrow for welfare purposes, but permits a county to continue to impose property taxes to repay existing welfare loans.

Effective: Upon passage.

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January 8, 2008, read first time and referred to Committee on Rules and Legislative Procedures.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1028

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-18.5-9.7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.7. (a) The ad
3 valorem property tax levy limits imposed by section 3 of this chapter
4 do not apply to ad valorem property taxes imposed under any of the
5 following:

6 (1) IC 12-16, except IC 12-16-1.

7 ~~(2) IC 12-19-5.~~

8 ~~(3) (2) IC 12-19-7.~~

9 ~~(4) (3) IC 12-19-7.5.~~

10 ~~(5) (4) IC 12-20-24.~~

11 (b) For purposes of computing the ad valorem property tax levy
12 limits imposed under section 3 of this chapter, a county's or township's
13 ad valorem property tax levy for a particular calendar year does not
14 include that part of the levy imposed under the citations listed in
15 subsection (a).

16 (c) Section 8(b) of this chapter does not apply to bonded
17 indebtedness that will be repaid through property taxes imposed under

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1 IC 12-19.

2 SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2007,
3 SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 2. As used in this chapter:

5 (a) "Taxpayer" means a person who is liable for taxes on property
6 assessed under this article.

7 (b) "Taxes" means property taxes payable in respect to property
8 assessed under this article. The term does not include special
9 assessments, penalties, or interest, but does include any special charges
10 which a county treasurer combines with all other taxes in the
11 preparation and delivery of the tax statements required under
12 IC 6-1.1-22-8(a).

13 (c) "Department" means the department of state revenue.

14 (d) "Auditor's abstract" means the annual report prepared by each
15 county auditor which under IC 6-1.1-22-5 is to be filed each year with
16 the auditor of state.

17 (e) "Mobile home assessments" means the assessments of mobile
18 homes made under IC 6-1.1-7.

19 (f) "Postabstract adjustments" means adjustments in taxes made
20 subsequent to the filing of an auditor's abstract which change
21 assessments therein or add assessments of omitted property affecting
22 taxes for such assessment year.

23 (g) "Total county tax levy" means the sum of:

24 (1) the remainder of:

25 (A) the aggregate levy of all taxes for all taxing units in a
26 county which are to be paid in the county for a stated
27 assessment year as reflected by the auditor's abstract for the
28 assessment year, adjusted, however, for any postabstract
29 adjustments which change the amount of the aggregate levy;
30 minus

31 (B) the sum of any increases in property tax levies of taxing
32 units of the county that result from: ~~appeals described in:~~

33 (i) **appeals described in** IC 6-1.1-18.5-13(4) and
34 IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

35 (ii) ~~the sum of any increases in property tax levies of taxing~~
36 ~~units of the county that result from~~ any other appeals
37 described in IC 6-1.1-18.5-13 filed after December 31,
38 1983; plus

39 (iii) **increases allowed under** IC 6-1.1-18.6-3 (children in
40 need of services and delinquent children who are wards of
41 the county) (before its repeal); minus

42 (C) the total amount of property taxes imposed for the stated

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assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), ~~IC 12-19-5~~, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (before its repeal) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (before its repeal) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (before its repeal) or IC 20-46-2 for a special education preschool fund; plus

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(vi) IC 21-2-11.6 (before its repeal) or IC 20-46-1 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 (before its repeal) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible tuition support levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 (before its repeal) or IC 20-46-4-10 for an increase in a school corporation's maximum permissible transportation fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19-4.5 (before its repeal), including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 (before its repeal), IC 20-45-3, or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE (as effective January 1, 1990) or IC 6-1.1-18.5-19(b) STEP THREE (as effective January 1, 1990), whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) (as effective before January 1, 1989), filed after December 31, 1982; or
(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

~~(K) for each county, the sum of:~~

~~(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (as effective January 1, 1995) for property taxes payable in 1995; or for property taxes payable in each~~

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year after 1995; the amount determined under IC 12-19-7-4(b) (as effective before March 16, 2004) and IC 12-19-7-4 (as effective after March 15, 2004); and (ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 (before its repeal) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (as effective January 1, 1995) for property taxes payable in 1995; or the amount determined under IC 12-19-7-4(b) (as effective before March 16, 2004) and IC 12-19-7-4 (as effective after March 15, 2004) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e); plus

(6) for a tax levy first due and payable in a calendar year that precedes 2011, the product of:

(A) the sum of the amounts of property taxes imposed in the county under:

(i) IC 12-13-8-5;

(ii) IC 12-16-14-3;

(iii) IC 12-19-7-4;

(iv) IC 12-19-7.5-6; and

(v) IC 16-35-3-3; multiplied by

(B) the following percentage for the calendar year in which a tax levy is first due and payable:

2008	100%
2009	200%

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2010 300%

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes that each county auditor is required to prepare each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or
(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means, except as otherwise provided by law, the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property

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1 tax levy of a school corporation in a county for the school corporation's
2 general fund.

3 (o) "Board" refers to the property tax replacement fund board
4 established under section 10 of this chapter.

5 SECTION 3. IC 6-1.1-21-5, AS AMENDED BY P.L.219-2007,
6 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: Sec. 5. (a) Each year the taxpayers of each county
8 shall receive a credit for property tax replacement in the amount of
9 each taxpayer's property tax replacement credit amount for taxes
10 which:

11 (1) under IC 6-1.1-22-9 are due and payable in that year; or

12 (2) under IC 6-1.1-22-9.5 are due in installments established by
13 the department of local government finance for that year.

14 The credit shall be applied to each installment of taxes. The dollar
15 amount of the credit for each taxpayer shall be determined by the
16 county auditor, based on data furnished by the department of local
17 government finance.

18 (b) The tax liability of a taxpayer for the purpose of computing the
19 credit for a particular year shall be based upon the taxpayer's tax
20 liability as is evidenced by the tax duplicate for the taxes payable in
21 that year, plus the amount by which the tax payable by the taxpayer had
22 been reduced due to the application of county adjusted gross income
23 tax revenues to the extent the county adjusted gross income tax
24 revenues were included in the determination of the total county tax levy
25 for that year, as provided in sections 2(g) and 3 of this chapter,
26 adjusted, however, for any change in assessed valuation which may
27 have been made pursuant to a post-abstract adjustment if the change is
28 set forth on the tax statement or on a corrected tax statement stating the
29 taxpayer's tax liability, as prepared by the county treasurer in
30 accordance with IC 6-1.1-22-8(a). However, except when using the
31 term under section 2(l)(1) of this chapter, the tax liability of a taxpayer
32 does not include the amount of any property tax owed by the taxpayer
33 that is attributable to that part of any property tax levy subtracted under
34 section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F),
35 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), ~~or 2(g)(1)(J) or 2(g)(1)(K)~~ of this
36 chapter in computing the total county tax levy.

37 (c) The credit for taxes payable in a particular year with respect to
38 mobile homes which are assessed under IC 6-1.1-7 is equivalent to the
39 taxpayer's property tax replacement credit amount for the taxes payable
40 with respect to the assessments plus the adjustments stated in this
41 section.

42 (d) Each taxpayer in a taxing district that contains all or part of an

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economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

- (1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by
- (2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 4. IC 6-3.5-1.1-24, AS ADDED BY P.L.224-2007, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county council first imposes a tax rate under this section.

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this

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section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, ~~IC 12-19-7.5-6(b)~~, **IC 12-19-7-4(a)**, **IC 12-19-7.5-6(a)**, and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county council increases a tax rate under this section:

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, ~~IC 12-19-7.5-6(b)~~, **IC 12-19-7-4(a)**, **IC 12-19-7.5-6(a)**, and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

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(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the

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receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o).

(n) A pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the

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1 purposes of this section.

2 SECTION 5. IC 6-3.5-1.5-1, AS ADDED BY P.L.224-2007,
3 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 1. (a) The department of local government
5 finance and the department of state revenue shall, before July 1 of each
6 year, jointly calculate the county adjusted income tax rate or county
7 option income tax rate (as applicable) that must be imposed in a county
8 to raise income tax revenue in the following year equal to the sum of
9 the following STEPS:

10 STEP ONE: Determine the greater of zero (0) or the result of:

- 11 (1) the department of local government finance's estimate of
12 the sum of the maximum permissible ad valorem property tax
13 levies calculated under IC 6-1.1-18.5 for all political
14 subdivisions in the county for the ensuing calendar year
15 (before any adjustment under IC 6-1.1-18.5-3(g) or
16 IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus
17 (2) the sum of the maximum permissible ad valorem property
18 tax levies calculated under IC 6-1.1-18.5 for all political
19 subdivisions in the county for the current calendar year.

20 In the case of a civil taxing unit that is located in more than one
21 (1) county, the department of local government finance shall, for
22 purposes of making the determination under this subdivision,
23 apportion the civil taxing unit's maximum permissible ad valorem
24 property tax levy among the counties in which the civil taxing unit
25 is located.

26 STEP TWO: Determine the greater of zero (0) or the result of:

- 27 (1) the department of local government finance's estimate of
28 the family and children property tax levy that will be imposed
29 by the county under IC 12-19-7-4 for the ensuing calendar
30 year; ~~(before any adjustment under IC 12-19-7-4(b) for the~~
31 ~~ensuing calendar year);~~ minus
32 (2) the county's family and children property tax levy imposed
33 by the county under IC 12-19-7-4 for the current calendar year.

34 STEP THREE: Determine the greater of zero (0) or the result of:

- 35 (1) the department of local government finance's estimate of
36 the children's psychiatric residential treatment services
37 property tax levy that will be imposed by the county under
38 IC 12-19-7.5-6 for the ensuing calendar year; ~~(before any~~
39 ~~adjustment under IC 12-19-7.5-6(b) for the ensuing calendar~~
40 ~~year);~~ minus
41 (2) the children's psychiatric residential treatment services
42 property tax imposed by the county under IC 12-19-7.5-6 for

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1 the current calendar year.

2 STEP FOUR: Determine the greater of zero (0) or the result of:

3 (1) the department of local government finance's estimate of

4 the county's maximum community mental health centers

5 property tax levy under IC 12-29-2-2 for the ensuing calendar

6 year (before any adjustment under IC 12-29-2-2(c) for the

7 ensuing calendar year); minus

8 (2) the county's maximum community mental health centers

9 property tax levy under IC 12-29-2-2 for the current calendar

10 year.

11 (b) In the case of a county that wishes to impose a tax rate under

12 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the

13 department of local government finance and the department of state

14 revenue shall jointly estimate the amount that will be calculated under

15 subsection (a) in the second year after the tax rate is first imposed. The

16 department of local government finance and the department of state

17 revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or

18 IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the

19 second year after the tax rate is first imposed to raise income tax

20 revenue equal to the estimate under this subsection.

21 (c) The department and the department of local government finance

22 shall make the calculations under subsections (a) and (b) based on the

23 best information available at the time the calculation is made.

24 (d) For purposes of calculating a tax rate under this section, the

25 department of local government **finance** shall round up to the nearest

26 one-tenth of one percent (0.1%).

27 SECTION 6. IC 6-3.5-6-30, AS ADDED BY P.L.224-2007,

28 SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

29 UPON PASSAGE]: Sec. 30. (a) In a county in which the county option

30 income tax is in effect, the county income tax council may, before

31 August 1 of a year, adopt an ordinance to impose or increase (as

32 applicable) a tax rate under this section.

33 (b) In a county in which neither the county option adjusted gross

34 income tax nor the county option income tax is in effect, the county

35 income tax council may, before August 1 of a year, adopt an ordinance

36 to impose a tax rate under this section.

37 (c) An ordinance adopted under this section takes effect October 1

38 of the year in which the ordinance is adopted. If a county income tax

39 council adopts an ordinance to impose or increase a tax rate under this

40 section, the county auditor shall send a certified copy of the ordinance

41 to the department and the department of local government finance by

42 certified mail.

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(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county income tax council first imposes a tax rate under this section:

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated city, two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, ~~IC 12-19-7.5-6(b)~~, **IC 12-19-7-4(a)**, **IC 12-19-7.5-6(a)**, and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county income tax council increases a tax rate under this section.

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later

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years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, ~~IC 12-19-7.5-6(b)~~, **IC 12-19-7-4(a)**, **IC 12-19-7.5-6(a)**, and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

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1 (B) the STEP ONE amount; multiplied by
 2 (2) the tax revenue received by the county treasurer under this
 3 section.

4 Except as provided in subsection (m), the county treasurer shall
 5 distribute the portion of the certified distribution that is attributable to
 6 a tax rate under this section as specified in this section. The county
 7 treasurer shall make the distributions under this subsection at the same
 8 time that distributions are made to civil taxing units under section 18
 9 of this chapter.

10 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 11 income tax council may not decrease or rescind a tax rate imposed
 12 under this chapter.

13 (i) The tax rate under this section shall not be considered for
 14 purposes of computing:

15 (1) the maximum income tax rate that may be imposed in a county
 16 under section 8 or 9 of this chapter or any other provision of this
 17 chapter; or

18 (2) the maximum permissible property tax levy under STEP
 19 EIGHT of IC 6-1.1-18.5-3(b).

20 (j) The tax levy under this section shall not be considered for
 21 purposes of computing the total county tax levy under
 22 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

23 (k) A distribution under this section shall be treated as a part of the
 24 receiving civil taxing unit's property tax levy for that year for purposes
 25 of fixing its budget and for determining the distribution of taxes that
 26 are distributed on the basis of property tax levies.

27 (l) If a county income tax council imposes a tax rate under this
 28 section, the county option income tax rate dedicated to locally funded
 29 homestead credits in the county may not be decreased.

30 (m) In the year following the year in which a county first imposes
 31 a tax rate under this section:

32 (1) one-third ($1/3$) of the tax revenue that is attributable to the tax
 33 rate under this section must be deposited in the county
 34 stabilization fund established under subsection (o), in the case of
 35 a county containing a consolidated city; and

36 (2) one-half ($1/2$) of the tax revenue that is attributable to the tax
 37 rate under this section must be deposited in the county
 38 stabilization fund established under subsection (o), in the case of
 39 a county not containing a consolidated city.

40 (n) A pledge of county option income taxes does not apply to
 41 revenue attributable to a tax rate under this section.

42 (o) A county stabilization fund is established in each county that

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imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(r) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 7. IC 8-22-3.5-10, AS AMENDED BY P.L.219-2007, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (d), if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in that year. Except as provided in subsection (d), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

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STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through ~~IC 6-1.1-21-2(g)(5)~~ IC 6-1.1-21-2(g)(6) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

(d) This subsection applies to an airport development zone only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an airport development zone is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the

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same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 8. IC 12-13-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a)** Each county shall establish a county medical assistance to wards fund.

(b) Before calendar year 2011, the fund shall be funded by the following:

(1) A tax levy on the property located in each county.

(2) The financial institutions tax (IC 6-5.5), motor vehicle excise taxes (IC 6-6-5), and commercial vehicle excise taxes (IC 6-6-5.5) that are allocated to the fund.

SECTION 9. IC 12-13-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** The tax shall be imposed annually by the county fiscal body on all of the taxable property of the county. The tax shall be collected as other state and county ad valorem property taxes are collected.

(b) This section expires January 1, 2011.

SECTION 10. IC 12-13-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. **(a)** For taxes first due and payable in each year after ~~2003~~, ~~each 2007~~, a county shall impose a medical assistance property tax levy equal to: ~~the product of:~~

(1) the **product of:**

(A) the medical assistance property tax levy imposed for taxes first due and payable in the preceding year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **county's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; multiplied by

~~(2) (B)~~ the statewide average assessed value growth quotient, using all the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for the year in which the tax levy under this section will be first due and payable; **multiplied by**

(2) the following percentage for the calendar year in which the tax levy is first due and payable:

2008	75%
2009	66.7%
2010	50%

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year

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shall be reduced by the amount of surplus money.

(b) This section expires January 1, 2011.

SECTION 11. IC 12-16-14-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A county hospital care for the indigent fund is established in each county.

(b) Before calendar year 2011, the fund consists of the following:

- (1) A tax levy on the property located in each county.
- (2) The financial institutions tax (IC 6-5.5), motor vehicle excise taxes (IC 6-6-5), and commercial vehicle excise taxes (IC 6-6-5.5) that are allocated to the fund.

SECTION 12. IC 12-16-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The tax required by ~~section 1(1)~~ **section 1(b)(1)** of this chapter shall be imposed annually by the county fiscal body on all of the taxable property of the county.

(b) The tax shall be collected as other state and county ad valorem property taxes are collected.

(c) This section expires January 1, 2011.

SECTION 13. IC 12-16-14-3, AS AMENDED BY P.L.218-2007, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. ~~(a) For taxes first due and payable in 2003, each county shall impose a hospital care for the indigent property tax levy equal to the product of:~~

~~(1) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2002; multiplied by~~

~~(2) the county's assessed value growth quotient determined under IC 6-1.1-18.5-2 for taxes first due and payable in 2003.~~

~~(b) (a) For taxes first due and payable in 2004, and each year after 2004, 2007, each county shall impose a hospital care for the indigent property tax levy equal to:~~

~~(1) the hospital care for the indigent program property tax levy for taxes first due and payable in the preceding calendar year; multiplied by~~

~~(2) the statewide average assessed value growth quotients determined under IC 6-1.1-18.5-2, for the year in which the tax levy under this subsection is first due and payable; multiplied by~~

~~(3) the following percentage for the calendar year in which the tax levy under this subsection is first due and payable:~~

2008	75%
2009	66.7%
2010	50%

(b) This section expires January 1, 2011.

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SECTION 14. IC 12-16-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The department of local government finance shall review each county's property tax levy under this chapter and shall enforce the requirements of this chapter with respect to that levy.

(b) **This section expires January 1, 2011.**

SECTION 15. IC 12-16-14-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) All receipts derived from the tax levy shall be paid into the county general fund and constitute the county hospital care for the indigent fund.

(b) **This section expires January 1, 2011.**

SECTION 16. IC 12-19-5-1, AS AMENDED BY P.L.234-2005, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) In addition to the other method of welfare financing provided by this article, the department may conduct a public hearing to determine whether to ~~recommend to a county to borrow money under this chapter on a short term basis~~ **provide additional money to the county** to fund:

- (1) child services under IC 12-19-7-1;
- (2) children's psychiatric residential treatment services under IC 12-19-7.5; or
- (3) other welfare services in the county payable from the family and children's fund or the children's psychiatric residential treatment services fund;

if the department determines that the family and children's fund or the children's psychiatric residential treatment services fund will be exhausted before the end of a fiscal year.

(b) In the ~~the~~ hearing, the department must present facts that show the following:

- (1) That the amount of money in the family and children's fund or the children's psychiatric residential treatment services fund will be insufficient to fund the appropriate services within the county under this article.
- (2) The amount of money that the department estimates will be needed to fund that deficit.

SECTION 17. IC 12-19-7-3, AS AMENDED BY P.L.224-2007, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. **Before calendar year 2011**, the fund shall be raised **in part** by a separate tax levy (the county family and children property tax levy) that:

- (1) is in addition to all other tax levies authorized; and

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(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All receipts from the tax imposed under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any local option income taxes distributed to the county to replace growth in the family and children's fund levy.

(4) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 18. IC 12-19-7-4, AS AMENDED BY P.L.224-2007, SECTION 99, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Except as provided in subsection (b); for taxes first due and payable in each year after 2005; each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter; for a county subject to this subsection; the county's family and children property tax levy under this section for the ensuing calendar year may not exceed the county's family and children property tax levy for the current calendar year.

(a) For taxes first due and payable in each year after 2007, a county shall impose a county family and children property tax levy equal to:

(1) the product of:

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(A) the county family and children property tax levy imposed for taxes first due and payable in the preceding year, as that levy was determined by the department of local government finance in fixing the county's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; multiplied by

(2) the following percentage for the calendar year in which the tax levy is first due and payable:

2008	75%
2009	66.7%
2010	50%

(c) (b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3.

(c) This section expires January 1, 2011.

SECTION 19. IC 12-19-7.5-5, AS AMENDED BY P.L.234-2005, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A children's psychiatric residential treatment services fund is established in each county. **Before calendar year 2011**, the fund shall be raised **in part** by a separate tax levy (the county children's psychiatric residential treatment services property tax levy) that:

- (1) is in addition to all other tax levies authorized; and
- (2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 8 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the children's psychiatric residential treatment services fund:

- (1) All receipts from the tax imposed under this section.
- (2) All grants-in-aid, whether received from the federal government or state government.

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(3) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 20. IC 12-19-7.5-6, AS AMENDED BY P.L.224-2007, SECTION 100, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Except as provided by subsection (b), for taxes first due and payable in each year after 2005, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the county children's psychiatric residential treatment services property tax levy necessary to pay the costs of children's psychiatric residential treatment services of the county for the next fiscal year.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the maximum county children's psychiatric residential treatment services property tax levy for the ensuing calendar year is equal to the maximum county children's psychiatric residential treatment services property tax levy in the current year.

(a) For taxes first due and payable in each year after 2007, a county shall impose a county children's psychiatric residential treatment services property tax levy equal to:

(1) the product of:

(A) the county children's psychiatric residential treatment services property tax levy imposed for taxes first due and payable in the preceding year, as that levy was determined by the department of local government finance in fixing the county's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; multiplied by

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(2) the following percentage for the calendar year in which the tax levy is first due and payable:

2008	75%
2009	66.7%
2010	50%

(c) (b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

(c) This section expires January 1, 2011.

SECTION 21. IC 16-35-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. A fund is established in each county to be known as the children with special health care needs county fund. **Before January 1, 2011**, the fund shall be funded **in part** by:

(1) a tax levy on the property located in the county; and ~~by~~

(2) the financial institutions tax (IC 6-5.5) that is allocated to the fund.

SECTION 22. IC 16-35-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The tax shall be imposed annually by the county fiscal body on all of the taxable property of the county.

(b) The total tax levy that a county may impose under this section equals the amount determined under section 3 of this chapter.

(c) The tax must be collected as other state and county ad valorem property taxes are collected.

(d) This section expires January 1, 2011.

SECTION 23. IC 16-35-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) For taxes first due and payable in each year after ~~2003~~, **each 2007**, a county shall impose a children with special health care needs property tax levy equal to: ~~the product of:~~

(1) the **product of:**

(A) the children with special health care needs property tax levy imposed for taxes first due and payable in the preceding year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **county's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; multiplied by

(2) (B) the ~~greater of:~~ (A) the county's assessed value growth quotient for the ensuing calendar year, as determined under

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IC 6-1.1-18.5-2; ~~or (B) one (1)~~: multiplied by
 (2) the following percentage for the calendar year in which the
 tax levy is first due and payable:

2008	75%
2009	66.7%
2010	50%

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable; the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

(c) This section expires January 1, 2011.

SECTION 24. IC 36-7-14-39, AS AMENDED BY P.L.154-2006, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally

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determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property

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that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or

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refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times

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(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in

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the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such

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1 current property tax proceeds from the part of the enterprise zone that
 2 is within the allocation area as compared to all such current property
 3 tax proceeds derived from the allocation area. A unit that has no
 4 obligations, bonds, or leases payable from allocated tax proceeds under
 5 subsection (b)(2) shall establish a special zone fund and deposit all the
 6 property tax proceeds in excess of those described in subsection (b)(1)
 7 in the fund derived from property tax proceeds in excess of those
 8 described in subsection (b)(1) from property located in the enterprise
 9 zone. The unit that creates the special zone fund shall use the fund
 10 (based on the recommendations of the urban enterprise association) for
 11 programs in job training, job enrichment, and basic skill development
 12 that are designed to benefit residents and employers in the enterprise
 13 zone or other purposes specified in subsection (b)(2), except that where
 14 reference is made in subsection (b)(2) to allocation area it shall refer
 15 for purposes of payments from the special zone fund only to that part
 16 of the allocation area that is also located in the enterprise zone. Those
 17 programs shall reserve at least one-half (1/2) of their enrollment in any
 18 session for residents of the enterprise zone.

19 (h) The state board of accounts and department of local government
 20 finance shall make the rules and prescribe the forms and procedures
 21 that they consider expedient for the implementation of this chapter.
 22 After each general reassessment under IC 6-1.1-4, the department of
 23 local government finance shall adjust the base assessed value one (1)
 24 time to neutralize any effect of the general reassessment on the
 25 property tax proceeds allocated to the redevelopment district under this
 26 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 27 department of local government finance shall adjust the base assessed
 28 value one (1) time to neutralize any effect of the annual adjustment on
 29 the property tax proceeds allocated to the redevelopment district under
 30 this section. However, the adjustments under this subsection may not
 31 include the effect of property tax abatements under IC 6-1.1-12.1, and
 32 these adjustments may not produce less property tax proceeds allocable
 33 to the redevelopment district under subsection (b)(2) than would
 34 otherwise have been received if the general reassessment or annual
 35 adjustment had not occurred. The department of local government
 36 finance may prescribe procedures for county and township officials to
 37 follow to assist the department in making the adjustments.

38 (i) The allocation deadline referred to in subsection (b) is
 39 determined in the following manner:

40 (1) The initial allocation deadline is December 31, 2011.

41 (2) Subject to subdivision (3), the initial allocation deadline and
 42 subsequent allocation deadlines are automatically extended in

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increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 25. IC 36-7-14-39.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39.5. (a) As used in this section, "allocation area" has the meaning set forth in section 39 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. Except as provided in subsection (h), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the

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1 redevelopment district and paid into an allocation fund under section
2 39(b)(2) of this chapter.

3 (d) If the additional credit under subsection (c) is not reduced under
4 subsection (e) or (f), the credit for property tax replacement under
5 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
6 computed on an aggregate basis for all taxpayers in a taxing district
7 that contains all or part of an allocation area. The credit for property tax
8 replacement under IC 6-1.1-21-5 and the additional credit under
9 subsection (c) shall be combined on the tax statements sent to each
10 taxpayer.

11 (e) Upon the recommendation of the redevelopment commission,
12 the municipal legislative body (in the case of a redevelopment
13 commission established by a municipality) or the county executive (in
14 the case of a redevelopment commission established by a county) may,
15 by resolution, provide that the additional credit described in subsection
16 (c):

17 (1) does not apply in a specified allocation area; or

18 (2) is to be reduced by a uniform percentage for all taxpayers in
19 a specified allocation area.

20 (f) Whenever the municipal legislative body or county executive
21 determines that granting the full additional credit under subsection (c)
22 would adversely affect the interests of the holders of bonds or other
23 contractual obligations that are payable from allocated tax proceeds in
24 that allocation area in a way that would create a reasonable expectation
25 that those bonds or other contractual obligations would not be paid
26 when due, the municipal legislative body or county executive must
27 adopt a resolution under subsection (e) to deny the additional credit or
28 reduce it to a level that creates a reasonable expectation that the bonds
29 or other obligations will be paid when due. A resolution adopted under
30 subsection (e) denies or reduces the additional credit for property taxes
31 first due and payable in the allocation area in any year following the
32 year in which the resolution is adopted.

33 (g) A resolution adopted under subsection (e) remains in effect until
34 it is rescinded by the body that originally adopted it. However, a
35 resolution may not be rescinded if the rescission would adversely affect
36 the interests of the holders of bonds or other obligations that are
37 payable from allocated tax proceeds in that allocation area in a way that
38 would create a reasonable expectation that the principal of or interest
39 on the bonds or other obligations would not be paid when due. If a
40 resolution is rescinded and no other resolution is adopted, the
41 additional credit described in subsection (c) applies to property taxes
42 first due and payable in the allocation area in each year following the

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1 year in which the resolution is rescinded.

2 (h) This subsection applies to an allocation area only to the extent
3 that the net assessed value of property that is assessed as residential
4 property under the rules of the department of local government finance
5 is not included in the base assessed value. If property tax installments
6 with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in
7 installments established by the department of local government finance
8 under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
9 allocation area is entitled to an additional credit under subsection (c)
10 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
11 credit shall be applied in the same proportion to each installment of
12 taxes (as defined in IC 6-1.1-21-2).

13 SECTION 26. IC 36-7-14-48, AS AMENDED BY P.L.219-2007,
14 SECTION 126, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE UPON PASSAGE]: Sec. 48. (a) Notwithstanding section
16 39(a) of this chapter, with respect to the allocation and distribution of
17 property taxes for the accomplishment of a program adopted under
18 section 45 of this chapter, "base assessed value" means the net assessed
19 value of all of the property, other than personal property, as finally
20 determined for the assessment date immediately preceding the effective
21 date of the allocation provision, as adjusted under section 39(h) of this
22 chapter.

23 (b) The allocation fund established under section 39(b) of this
24 chapter for the allocation area for a program adopted under section 45
25 of this chapter may be used only for purposes related to the
26 accomplishment of the program, including the following:

- 27 (1) The construction, rehabilitation, or repair of residential units
28 within the allocation area.
- 29 (2) The construction, reconstruction, or repair of any
30 infrastructure (including streets, sidewalks, and sewers) within or
31 serving the allocation area.
- 32 (3) The acquisition of real property and interests in real property
33 within the allocation area.
- 34 (4) The demolition of real property within the allocation area.
- 35 (5) The provision of financial assistance to enable individuals and
36 families to purchase or lease residential units within the allocation
37 area. However, financial assistance may be provided only to those
38 individuals and families whose income is at or below the county's
39 median income for individuals and families, respectively.
- 40 (6) The provision of financial assistance to neighborhood
41 development corporations to permit them to provide financial
42 assistance for the purposes described in subdivision (5).

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(7) Providing each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, the commission may provide this credit only if the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 45 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through ~~IC 6-1.1-21-2(g)(5)~~ IC 6-1.1-21-2(g)(6) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c). Except as provided in subsection (g), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in a year. The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 25.2 of this chapter or under

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IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 39(b) of this chapter, the allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 39(b)(2)(A) through 39(b)(2)(H) and 39(b)(2)(J) of this chapter for property that is residential in nature.

(2) Reimburse the county or municipality for expenditures made by the county or municipality in order to accomplish the housing program in that allocation area.

The allocation fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a program adopted under section 45 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 39(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 39(b)(2) of this chapter; and

(C) to reimburse the county or municipality for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d)

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for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 27. IC 36-7-14.5-12.5, AS AMENDED BY P.L.219-2007, SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11 of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

The area established under this section shall be established only in the area where a United States government military base that is scheduled for closing or is completely or partially inactive or closed is or was located.

(c) In order to accomplish the purposes set forth in section 11 of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural

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improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct,

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improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11 of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under

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the rules of the department of local government finance, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefiting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefiting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been

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1 allocated during that year to an allocation fund under this
2 section.

3 If not all the taxpayers in an allocation area receive the credit in
4 full, each taxpayer in the allocation area is entitled to receive the
5 same proportion of the credit. A taxpayer may not receive a credit
6 under this section and a credit under IC 36-7-14-39.5 in the same
7 year.

8 (6) Pay expenses incurred by the authority for local public
9 improvements or structures that are in the allocation area or
10 serving or benefiting the allocation area.

11 (7) Reimburse public and private entities for expenses incurred in
12 training employees of industrial facilities that are located:

13 (A) in the allocation area; and

14 (B) on a parcel of real property that has been classified as
15 industrial property under the rules of the department of local
16 government finance.

17 However, the total amount of money spent for this purpose in any
18 year may not exceed the total amount of money in the allocation
19 fund that is attributable to property taxes paid by the industrial
20 facilities described in clause (B). The reimbursements under this
21 subdivision must be made within three (3) years after the date on
22 which the investments that are the basis for the increment
23 financing are made. The allocation fund may not be used for
24 operating expenses of the authority.

25 (e) In addition to other methods of raising money for property
26 acquisition, redevelopment, or economic development activities in or
27 directly serving or benefitting an economic development area created
28 by an authority under this section, and in anticipation of the taxes
29 allocated under subsection (d), other revenues of the authority, or any
30 combination of these sources, the authority may, by resolution, issue
31 the bonds of the special taxing district in the name of the unit. Bonds
32 issued under this section may be issued in any amount without
33 limitation. The following apply if such a resolution is adopted:

34 (1) The authority shall certify a copy of the resolution authorizing
35 the bonds to the municipal or county fiscal officer, who shall then
36 prepare the bonds. The seal of the unit must be impressed on the
37 bonds, or a facsimile of the seal must be printed on the bonds.

38 (2) The bonds must be executed by the appropriate officer of the
39 unit and attested by the unit's fiscal officer.

40 (3) The bonds are exempt from taxation for all purposes.

41 (4) Bonds issued under this section may be sold at public sale in
42 accordance with IC 5-1-11 or at a negotiated sale.

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(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers and voters to remonstrate against the issuance of bonds do not apply to bonds issued under this section.

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(9) If bonds are issued under this chapter that are payable solely or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11 of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than eleven (11) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the

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1 purchase of property by public bodies or their agencies.

2 (h) An authority may negotiate for the sale, lease, or other
3 disposition of real and personal property without complying with the
4 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
5 statute governing the disposition of public property.

6 (i) Notwithstanding any other law, utility services provided within
7 an economic development area established under this section are
8 subject to regulation by the appropriate regulatory agencies unless the
9 utility service is provided by a utility that provides utility service solely
10 within the geographic boundaries of an existing or a closed military
11 installation, in which case the utility service is not subject to regulation
12 for purposes of rate making, regulation, service delivery, or issuance of
13 bonds or other forms of indebtedness. However, this exemption from
14 regulation does not apply to utility service if the service is generated,
15 treated, or produced outside the boundaries of the existing or closed
16 military installation.

17 SECTION 28. IC 36-7-15.1-26.5, AS AMENDED BY
18 P.L.219-2007, SECTION 129, IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26.5. (a) As used
20 in this section, "adverse determination" means a determination by the
21 fiscal officer of the consolidated city that the granting of credits
22 described in subsection (g) or (h) would impair any contract with or
23 otherwise adversely affect the owners of outstanding bonds payable
24 from the allocation area special fund.

25 (b) As used in this section, "allocation area" has the meaning set
26 forth in section 26 of this chapter.

27 (c) As used in this section, "special fund" refers to the special fund
28 into which property taxes are paid under section 26 of this chapter.

29 (d) As used in this section, "taxing district" has the meaning set
30 forth in IC 6-1.1-1-20.

31 (e) Except as provided in subsections (g), (h), (i), and (j), each
32 taxpayer in an allocation area is entitled to an additional credit for taxes
33 (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and
34 payable in that year. Except as provided in subsection (j), one-half (1/2)
35 of the credit shall be applied to each installment of taxes (as defined in
36 IC 6-1.1-21-2). This credit equals the amount determined under the
37 following STEPS for each taxpayer in a taxing district that contains all
38 or part of the allocation area:

39 STEP ONE: Determine that part of the sum of the amounts under
40 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
41 IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and**
42 **IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

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1 STEP TWO: Divide:

2 (A) that part of each county's eligible property tax replacement
3 amount (as defined in IC 6-1.1-21-2) for that year as
4 determined under IC 6-1.1-21-4 that is attributable to the
5 taxing district; by

6 (B) the STEP ONE sum.

7 STEP THREE: Multiply:

8 (A) the STEP TWO quotient; by

9 (B) the total amount of the taxpayer's taxes (as defined in
10 IC 6-1.1-21-2) levied in the taxing district that would have
11 been allocated to an allocation fund under section 26 of this
12 chapter had the additional credit described in this section not
13 been given.

14 The additional credit reduces the amount of proceeds allocated to the
15 redevelopment district and paid into the special fund.

16 (f) The credit for property tax replacement under IC 6-1.1-21-5 and
17 the additional credits under subsections (e), (g), (h), and (i), unless the
18 credits under subsections (g) and (h) are partial credits, shall be
19 computed on an aggregate basis for all taxpayers in a taxing district
20 that contains all or part of an allocation area. Except as provided in
21 subsections (h) and (i), the credit for property tax replacement under
22 IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h),
23 and (i) shall be combined on the tax statements sent to each taxpayer.

24 (g) This subsection applies to an allocation area if allocated taxes
25 from that area were pledged to bonds, leases, or other obligations of the
26 commission before May 8, 1989. A credit calculated using the method
27 provided in subsection (e) may be granted under this subsection. The
28 credit provided under this subsection is first applicable for the
29 allocation area for property taxes first due and payable in 1992. The
30 following apply to the determination of the credit provided under this
31 subsection:

32 (1) Before June 15 of each year, the fiscal officer of the
33 consolidated city shall determine and certify the following:

34 (A) All amounts due in the following year to the owners of
35 outstanding bonds payable from the allocation area special
36 fund.

37 (B) All amounts that are:

38 (i) required under contracts with bond holders; and

39 (ii) payable from the allocation area special fund to fund
40 accounts and reserves.

41 (C) An estimate of the amount of personal property taxes
42 available to be paid into the allocation area special fund under

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- 1 section 26.9(c) of this chapter.
- 2 (D) An estimate of the aggregate amount of credits to be
- 3 granted if full credits are granted.
- 4 (2) Before June 15 of each year, the fiscal officer of the
- 5 consolidated city shall determine if the granting of the full amount
- 6 of credits in the following year would impair any contract with or
- 7 otherwise adversely affect the owners of outstanding bonds
- 8 payable from the allocation area special fund.
- 9 (3) If the fiscal officer of the consolidated city determines under
- 10 subdivision (2) that there would not be an impairment or adverse
- 11 effect:
- 12 (A) the fiscal officer of the consolidated city shall certify the
- 13 determination; and
- 14 (B) the full credits shall be applied in the following year,
- 15 subject to the determinations and certifications made under
- 16 section 26.7(b) of this chapter.
- 17 (4) If the fiscal officer of the consolidated city makes an adverse
- 18 determination under subdivision (2), the fiscal officer of the
- 19 consolidated city shall determine whether there is an amount of
- 20 partial credits that, if granted in the following year, would not
- 21 result in the impairment or adverse effect. If the fiscal officer
- 22 determines that there is an amount of partial credits that would
- 23 not result in the impairment or adverse effect, the fiscal officer
- 24 shall do the following:
- 25 (A) Determine the amount of the partial credits.
- 26 (B) Certify that determination.
- 27 (5) If the fiscal officer of the consolidated city certifies under
- 28 subdivision (4) that partial credits may be paid, the partial credits
- 29 shall be applied pro rata among all affected taxpayers in the
- 30 following year.
- 31 (6) An affected taxpayer may appeal any of the following to the
- 32 circuit or superior court of the county in which the allocation area
- 33 is located:
- 34 (A) A determination by the fiscal officer of the consolidated
- 35 city that:
- 36 (i) credits may not be paid in the following year; or
- 37 (ii) only partial credits may be paid in the following year.
- 38 (B) A failure by the fiscal officer of the consolidated city to
- 39 make a determination by June 15 of whether full or partial
- 40 credits are payable under this subsection.
- 41 (7) An appeal of a determination must be filed not later than thirty
- 42 (30) days after the publication of the determination.

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(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the determinations and certifications made under section 26.7(b) of this chapter.

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(6) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (4), the fiscal officer shall determine whether there is an amount of partial credits for 1990 taxes payable in 1991 that, if granted against 1991 taxes payable in 1992 in addition to granting of the credits under subsection (g), would not result in the impairment or adverse effect.

(7) If the fiscal officer of the consolidated city determines under subdivision (6) that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall determine the amount of partial credits and certify that determination.

(8) If the fiscal officer of the consolidated city certifies under subdivision (7) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers against 1991 taxes payable in 1992.

(9) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

- (i) credits may not be paid for 1990 taxes payable in 1991; or
- (ii) only partial credits may be paid for 1990 taxes payable in 1991.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15, 1991, of whether credits are payable under this subsection.

(10) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination. Any such appeal shall be decided by the court within sixty (60) days.

(11) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether credits are payable under this subsection must be filed by July 15, 1991. Any such appeal shall be decided by the court within sixty (60) days.

(12) If 1991 taxes payable in 1992 with respect to a parcel are billed to the same taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall apply to the tax bill for 1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of

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the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to

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which:

(A) taxes were billed to the same taxpayer for taxes payable in each year from 1987 through 1991; or

(B) an application was filed by November 30, 1991, under subdivision (8) for refund of the credits for prior years.

A report of the determination by parcel shall be sent by the county auditor to the department of local government finance and the budget agency within five (5) days of such determination.

(4) Before January 31, 1992, the county auditor shall determine the quotient of the amounts determined under subdivision (3) with respect to each parcel divided by six (6).

(5) Before January 31, 1992, the county auditor shall determine the quotient of the aggregate amounts determined under subdivision (3) with respect to all parcels divided by twelve (12).

(6) Except as provided in subdivisions (7) and (9), in each year in which credits from prior years remain unpaid, credits for the prior years in the amounts determined under subdivision (4) shall be applied as provided in this subsection.

(7) If taxes payable in the current year with respect to a parcel are billed to the same taxpayer to which taxes payable in all of the prior years were billed and if the amount determined under subdivision (3) with respect to the parcel is at least five hundred dollars (\$500), the county treasurer shall apply the credits provided for the current year under subsections (g) and (h) and the credit in the amount determined under subdivision (4) to the tax bill for taxes payable in the current year. However, if the amount determined under subdivision (3) with respect to the parcel is less than five hundred dollars (\$500) (referred to in this subdivision as "small claims"), the county may, at the election of the county auditor, either apply a credit in the amount determined under subdivision (3) or (4) to the tax bill for taxes payable in the current year or pay either amount to the taxpayer. If title to a parcel transfers in a year in which a credit under this subsection is applied to the tax bill, the transferor may file an application with the county auditor within thirty (30) days of the date of the transfer of title to the parcel for payments to the transferor at the same times and in the same amounts that would have been allowed as credits to the transferor under this subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to

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other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10) shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the department of local government finance and the budget agency a report of the

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receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under subsection (i) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

(j) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (e) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 29. IC 36-7-15.1-35, AS AMENDED BY P.L.219-2007, SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

- (1) The construction, rehabilitation, or repair of residential units within the allocation area.
- (2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

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(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through ~~IC 6-1.1-21-2(g)(5)~~ IC 6-1.1-21-2(g)(6) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) Except as provided in subsection (g), the commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in a year. Except as provided in subsection (g), one-half (1/2) of the

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credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through 26(b)(2)(H) of this chapter.

(2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and

(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid

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to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 30. IC 36-7-15.1-56, AS AMENDED BY P.L.219-2007, SECTION 133, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in that year. Except as provided in subsection (h), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 53 of this

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1 chapter had the additional credit described in this section not
2 been given.

3 The additional credit reduces the amount of proceeds allocated to the
4 development district and paid into an allocation fund under section
5 53(b)(2) of this chapter.

6 (d) If the additional credit under subsection (c) is not reduced under
7 subsection (e) or (f), the credit for property tax replacement under
8 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
9 computed on an aggregate basis for all taxpayers in a taxing district
10 that contains all or part of an allocation area. The credit for property tax
11 replacement under IC 6-1.1-21-5 and the additional credit under
12 subsection (c) shall be combined on the tax statements sent to each
13 taxpayer.

14 (e) Upon the recommendation of the commission, the excluded city
15 legislative body may, by resolution, provide that the additional credit
16 described in subsection (c):

- 17 (1) does not apply in a specified allocation area; or
- 18 (2) is to be reduced by a uniform percentage for all taxpayers in
19 a specified allocation area.

20 (f) Whenever the excluded city legislative body determines that
21 granting the full additional credit under subsection (c) would adversely
22 affect the interests of the holders of bonds or other contractual
23 obligations that are payable from allocated tax proceeds in that
24 allocation area in a way that would create a reasonable expectation that
25 those bonds or other contractual obligations would not be paid when
26 due, the excluded city legislative body must adopt a resolution under
27 subsection (e) to deny the additional credit or reduce it to a level that
28 creates a reasonable expectation that the bonds or other obligations will
29 be paid when due. A resolution adopted under subsection (e) denies or
30 reduces the additional credit for property taxes first due and payable in
31 the allocation area in any year following the year in which the
32 resolution is adopted.

33 (g) A resolution adopted under subsection (e) remains in effect until
34 it is rescinded by the body that originally adopted it. However, a
35 resolution may not be rescinded if the rescission would adversely affect
36 the interests of the holders of bonds or other obligations that are
37 payable from allocated tax proceeds in that allocation area in a way that
38 would create a reasonable expectation that the principal of or interest
39 on the bonds or other obligations would not be paid when due. If a
40 resolution is rescinded and no other resolution is adopted, the
41 additional credit described in subsection (c) applies to property taxes
42 first due and payable in the allocation area in each year following the

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year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 31. IC 36-7-30-25, AS AMENDED BY P.L.154-2006, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter

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before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse

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authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are

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the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to

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1 this section; or

2 (2) the base assessed value.

3 (g) If any part of the allocation area is located in an enterprise zone
 4 created under IC 5-28-15, the unit that designated the allocation area
 5 shall create funds as specified in this subsection. A unit that has
 6 obligations, bonds, or leases payable from allocated tax proceeds under
 7 subsection (b)(2) shall establish an allocation fund for the purposes
 8 specified in subsection (b)(2) and a special zone fund. Such a unit
 9 shall, until the end of the enterprise zone phase out period, deposit each
 10 year in the special zone fund any amount in the allocation fund derived
 11 from property tax proceeds in excess of those described in subsection
 12 (b)(1) from property located in the enterprise zone that exceeds the
 13 amount sufficient for the purposes specified in subsection (b)(2) for the
 14 year. The amount sufficient for purposes specified in subsection (b)(2)
 15 for the year shall be determined based on the pro rata part of such
 16 current property tax proceeds from the part of the enterprise zone that
 17 is within the allocation area as compared to all such current property
 18 tax proceeds derived from the allocation area. A unit that does not have
 19 obligations, bonds, or leases payable from allocated tax proceeds under
 20 subsection (b)(2) shall establish a special zone fund and deposit all the
 21 property tax proceeds in excess of those described in subsection (b)(1)
 22 that are derived from property in the enterprise zone in the fund. The
 23 unit that creates the special zone fund shall use the fund (based on the
 24 recommendations of the urban enterprise association) for programs in
 25 job training, job enrichment, and basic skill development that are
 26 designed to benefit residents and employers in the enterprise zone or
 27 other purposes specified in subsection (b)(2), except that where
 28 reference is made in subsection (b)(2) to allocation area it shall refer
 29 for purposes of payments from the special zone fund only to that part
 30 of the allocation area that is also located in the enterprise zone. The
 31 programs shall reserve at least one-half (1/2) of their enrollment in any
 32 session for residents of the enterprise zone.

33 (h) After each general reassessment under IC 6-1.1-4, the
 34 department of local government finance shall adjust the base assessed
 35 value one (1) time to neutralize any effect of the general reassessment
 36 on the property tax proceeds allocated to the military base reuse district
 37 under this section. After each annual adjustment under IC 6-1.1-4-4.5,
 38 the department of local government finance shall adjust the base
 39 assessed value to neutralize any effect of the annual adjustment on the
 40 property tax proceeds allocated to the military base reuse district under
 41 this section. However, the adjustments under this subsection may not
 42 include the effect of property tax abatements under IC 6-1.1-12.1, and

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these adjustments may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 32. IC 36-7-30-27, AS AMENDED BY P.L.219-2007, SECTION 135, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) and except as provided in subsection (h), each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in that year. Except as provided in subsection (h), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under

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1 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
 2 computed on an aggregate basis for all taxpayers in a taxing district
 3 that contains all or part of an allocation area. The credit for property tax
 4 replacement under IC 6-1.1-21-5 and the additional credit under
 5 subsection (c) shall be combined on the tax statements sent to each
 6 taxpayer.

7 (e) Upon the recommendation of the reuse authority, the municipal
 8 legislative body (in the case of a reuse authority established by a
 9 municipality) or the county executive (in the case of a reuse authority
 10 established by a county) may by resolution provide that the additional
 11 credit described in subsection (c):

12 (1) does not apply in a specified allocation area; or

13 (2) is to be reduced by a uniform percentage for all taxpayers in
 14 a specified allocation area.

15 (f) If the municipal legislative body or county executive determines
 16 that granting the full additional credit under subsection (c) would
 17 adversely affect the interests of the holders of bonds or other
 18 contractual obligations that are payable from allocated tax proceeds in
 19 that allocation area in a way that would create a reasonable expectation
 20 that those bonds or other contractual obligations would not be paid
 21 when due, the municipal legislative body or county executive must
 22 adopt a resolution under subsection (e) to deny the additional credit or
 23 reduce the credit to a level that creates a reasonable expectation that
 24 the bonds or other obligations will be paid when due. A resolution
 25 adopted under subsection (e) denies or reduces the additional credit for
 26 property taxes first due and payable in the allocation area in any year
 27 following the year in which the resolution is adopted.

28 (g) A resolution adopted under subsection (e) remains in effect until
 29 rescinded by the body that originally adopted the resolution. However,
 30 a resolution may not be rescinded if the rescission would adversely
 31 affect the interests of the holders of bonds or other obligations that are
 32 payable from allocated tax proceeds in that allocation area in a way that
 33 would create a reasonable expectation that the principal of or interest
 34 on the bonds or other obligations would not be paid when due. If a
 35 resolution is rescinded and no other resolution is adopted, the
 36 additional credit described in subsection (c) applies to property taxes
 37 first due and payable in the allocation area in each year following the
 38 year in which the resolution is rescinded.

39 (h) This subsection applies to an allocation area only to the extent
 40 that the net assessed value of property that is assessed as residential
 41 property under the rules of the department of local government finance
 42 is not included in the base assessed value. If property tax installments

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with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 33. IC 36-7-30.5-30, AS AMENDED BY P.L.154-2006, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base development area to which an allocation provision of a declaratory resolution adopted under section 16 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment to the declaratory resolution, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 16 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 18 of this chapter. The allocation provision may apply to all or part of the military base development area. The allocation provision must require that any property taxes

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subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the development authority and, when collected, paid into an allocation fund for that allocation area that may be used by the development authority and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the development authority or any other entity for the purpose of financing or refinancing military base development or reuse activities in or directly serving or benefitting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the development authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefitting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the development authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

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1 STEP TWO: Divide:

2 (i) that part of each county's eligible property tax
3 replacement amount (as defined in IC 6-1.1-21-2) for that
4 year as determined under IC 6-1.1-21-4 that is attributable
5 to the taxing district; by

6 (ii) the STEP ONE sum.

7 STEP THREE: Multiply:

8 (i) the STEP TWO quotient; by

9 (ii) the total amount of the taxpayer's taxes (as defined in
10 IC 6-1.1-21-2) levied in the taxing district that have been
11 allocated during that year to an allocation fund under this
12 section.

13 If not all the taxpayers in an allocation area receive the credit
14 in full, each taxpayer in the allocation area is entitled to
15 receive the same proportion of the credit. A taxpayer may not
16 receive a credit under this section and a credit under section
17 32 of this chapter in the same year.

18 (F) Pay expenses incurred by the development authority for
19 local public improvements or structures that were in the
20 allocation area or directly serving or benefitting the allocation
21 area.

22 (G) Reimburse public and private entities for expenses
23 incurred in training employees of industrial facilities that are
24 located:

25 (i) in the allocation area; and

26 (ii) on a parcel of real property that has been classified as
27 industrial property under the rules of the department of local
28 government finance.

29 However, the total amount of money spent for this purpose in
30 any year may not exceed the total amount of money in the
31 allocation fund that is attributable to property taxes paid by the
32 industrial facilities described in this clause. The
33 reimbursements under this clause must be made not more than
34 three (3) years after the date on which the investments that are
35 the basis for the increment financing are made.

36 The allocation fund may not be used for operating expenses of the
37 development authority.

38 (3) Except as provided in subsection (g), before July 15 of each
39 year the development authority shall do the following:

40 (A) Determine the amount, if any, by which property taxes
41 payable to the allocation fund in the following year will exceed
42 the amount of property taxes necessary to make, when due,

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principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the appropriate county auditor of the amount, if any, of the amount of excess property taxes that the development authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The development authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 24 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base development district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base development district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the development authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes

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specified in subsection (b)(2) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or for other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to an allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base development district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base development district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base development district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to

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1 assist the department in making the adjustments.

2 SECTION 34. IC 36-7-30.5-32, AS AMENDED BY P.L.219-2007,
3 SECTION 138, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section,
5 "allocation area" has the meaning set forth in section 30 of this chapter.

6 (b) As used in this section, "taxing district" has the meaning set
7 forth in IC 6-1.1-1-20.

8 (c) Subject to subsection (e) and except ~~as~~ as provided in subsection
9 (h), each taxpayer in an allocation area is entitled to an additional credit
10 for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due
11 and payable in that year. Except as provided in subsection (h), one-half
12 (1/2) of the credit shall be applied to each installment of taxes (as
13 defined in IC 6-1.1-21-2). This credit equals the amount determined
14 under the following STEPS for each taxpayer in a taxing district that
15 contains all or part of the allocation area:

16 STEP ONE: Determine that part of the sum of the amounts under
17 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
18 IC 6-1.1-21-2(g)(4), ~~and~~ IC 6-1.1-21-2(g)(5), **and**
19 **IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

20 STEP TWO: Divide:

21 (A) that part of each county's eligible property tax replacement
22 amount (as defined in IC 6-1.1-21-2) for that year as
23 determined under IC 6-1.1-21-4 that is attributable to the
24 taxing district; by

25 (B) the STEP ONE sum.

26 STEP THREE: Multiply:

27 (A) the STEP TWO quotient; by

28 (B) the total amount of the taxpayer's taxes (as defined in
29 IC 6-1.1-21-2) levied in the taxing district that would have
30 been allocated to an allocation fund under section 30 of this
31 chapter had the additional credit described in this section not
32 been given.

33 The additional credit reduces the amount of proceeds allocated to the
34 military base development district and paid into an allocation fund
35 under section 30(b)(2) of this chapter.

36 (d) If the additional credit under subsection (c) is not reduced under
37 subsection (e) or (f), the credit for property tax replacement under
38 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
39 computed on an aggregate basis for all taxpayers in a taxing district
40 that contains all or part of an allocation area. The credit for property tax
41 replacement under IC 6-1.1-21-5 and the additional credit under
42 subsection (c) shall be combined on the tax statements sent to each

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1 taxpayer.

2 (e) Upon the recommendation of the development authority, the
3 municipal legislative body of an affected municipality or the county
4 executive of an affected county may by resolution provide that the
5 additional credit described in subsection (c):

6 (1) does not apply in a specified allocation area; or

7 (2) is to be reduced by a uniform percentage for all taxpayers in
8 a specified allocation area.

9 (f) If the municipal legislative body or county executive determines
10 that granting the full additional credit under subsection (c) would
11 adversely affect the interests of the holders of bonds or other
12 contractual obligations that are payable from allocated tax proceeds in
13 that allocation area in a way that would create a reasonable expectation
14 that those bonds or other contractual obligations would not be paid
15 when due, the municipal legislative body or county executive must
16 adopt a resolution under subsection (e) to deny the additional credit or
17 reduce the credit to a level that creates a reasonable expectation that
18 the bonds or other obligations will be paid when due. A resolution
19 adopted under subsection (e) denies or reduces the additional credit for
20 property taxes first due and payable in the allocation area in any year
21 following the year in which the resolution is adopted.

22 (g) A resolution adopted under subsection (e) remains in effect until
23 rescinded by the body that originally adopted the resolution. However,
24 a resolution may not be rescinded if the rescission would adversely
25 affect the interests of the holders of bonds or other obligations that are
26 payable from allocated tax proceeds in that allocation area in a way that
27 would create a reasonable expectation that the principal of or interest
28 on the bonds or other obligations would not be paid when due. If a
29 resolution is rescinded and no other resolution is adopted, the
30 additional credit described in subsection (c) applies to property taxes
31 first due and payable in the allocation area in each year following the
32 year in which the resolution is rescinded.

33 (h) This subsection applies to an allocation area only to the extent
34 that the net assessed value of property that is assessed as residential
35 property under the rules of the department of local government finance
36 is not included in the base assessed value. If property tax installments
37 with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in
38 installments established by the department of local government finance
39 under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
40 allocation area is entitled to an additional credit under subsection (c)
41 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
42 credit shall be applied in the same proportion to each installment of

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taxes (as defined in IC 6-1.1-21-2).

SECTION 35. IC 36-7-32-18, AS AMENDED BY P.L.219-2007, SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) A redevelopment commission may, by resolution, provide that each taxpayer in a certified technology park that has been designated as an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the certified technology park:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through ~~IC 6-1.1-21-2(g)(5)~~ **IC 6-1.1-21-2(g)(6)** that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the county's total eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the certified technology park fund under section 17 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the certified technology park fund under section 17 of this chapter.

(b) The additional credit under subsection (a) shall be:

- (1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of a certified technology park; and
- (2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's

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name and address, and the tax statement to which the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

SECTION 36. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 12-19-5-2; IC 12-19-5-3; IC 12-19-5-8; IC 12-19-5-9; IC 12-19-5-10; IC 12-19-5-11; IC 12-19-5-12; IC 12-19-7-16; IC 12-19-7-17; IC 12-19-7-18; IC 12-19-7-19; IC 12-19-7-20; IC 12-19-7-21; IC 12-19-7-22; IC 12-19-7-23; IC 12-19-7-24; IC 12-19-7-25; IC 12-19-7-26; IC 12-19-7-27; IC 12-19-7-28; IC 12-19-7-29; IC 12-19-7-30; IC 12-19-7-31; IC 12-19-7-32; IC 12-19-7-33; IC 12-19-7.5-14; IC 12-19-7.5-15; IC 12-19-7.5-16; IC 12-19-7.5-17; IC 12-19-7.5-18; IC 12-19-7.5-19; IC 12-19-7.5-20; IC 12-19-7.5-21; IC 12-19-7.5-22; IC 12-19-7.5-23; IC 12-19-7.5-24; IC 12-19-7.5-25; IC 12-19-7.5-26; IC 12-19-7.5-27; IC 12-19-7.5-28; IC 12-19-7.5-29; IC 12-19-7.5-30; IC 12-19-7.5-31; IC 12-19-7.5-32.

SECTION 37. [EFFECTIVE UPON PASSAGE] (a) **If a county receives a loan under:**

(1) **IC 12-19-5 before its amendment by this act; or**

(2) **IC 12-19-7 or IC 12-19-7.5, both as amended by this act; that was, at the time the loan was made, subject to repayment by the imposition of property taxes after 2007, the county auditor shall levy property taxes for timely repayment under the terms of the loan.**

(b) **This SECTION expires January 1 of the calendar year that next succeeds the last calendar year in which a loan referred to in subsection (a) is subject to repayment.**

SECTION 38. [EFFECTIVE UPON PASSAGE] (a) **Before 2010, the legislative services agency shall prepare legislation to:**

(1) **eliminate property tax levies first due and payable in calendar years beginning after 2010 under:**

(A) **IC 12-13-8-5;**

(B) **IC 12-16-14-3;**

(C) **IC 12-19-7-4;**

(D) **IC 12-19-7.5-6; and**

(E) **IC 16-35-3-3;**

all as amended by this act; and

(2) **require the state to fund the purposes served by the levies referred to in subdivision (1).**

(b) **This SECTION expires January 1, 2010.**

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1 SECTION 39. **An emergency is declared for this act.**

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